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# Perception of Corporate Identity in Croatian and Slovakian Wood Processing and Furniture Manufacturing Companies

## Percepcija identiteta poduzeća u hrvatskim i slovačkim tvrtkama za preradu drva i proizvodnju namještaja

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**SUMMARY •** *In this paper we have researched the perception of corporate identity in wood processing and furniture manufacturing companies in Croatia and Slovakia. The research was conducted as a survey using questionnaires, which contained general information about the enterprise and 10 questions regarding the perception of corporate identity. In Croatia 210 enterprises for wood processing and furniture manufacturing were surveyed and 300 enterprises in Slovakia. Only 43 (20.47 %) of them answered to all the questions, of which 35 (16.67 %) were taken into consideration in Croatia. In Slovakia 80 (26.60 %) enterprises answered to the questions, of which 59 (19.67 %) were taken into consideration. The given data were analyzed statistically using  $\chi^2$ -test. The main hypothesis was that there was no significant difference in the perception of corporate identity in Croatian and Slovakian wood processing and furniture manufacturing firms. The results showed that corporate identity in Croatian and Slovakian wood processing and furniture manufacturing companies was mostly defined and identified with visual presentation of the company, image and reputation and differentiation in the market. At the same time, most respondents thought that corporate identity was mostly made of the company design, outward communication and company's philosophy. In general, the only significant difference between answers of Croatian and Slovakian respondents was established for the question 4 (How would you define „Corporate Identity” in your own words).*

**Key words:** *corporate identity, wood processing and furniture manufacturing, perception of corporate identity*

**SAŽETAK •** *Identitet poduzeća različiti autori različito definiraju i zasad ne postoji jedinstvena definicija. No identitet poduzeća svakako je “duša” svake kompanije i temelji se na povijesti, okruženju, prethodnom razvoju i prepoznatljivosti na tržištu. U radu je istraživana percepcija identiteta poduzeća u poduzećima za preradu drva i proizvodnju namještaja u Hrvatskoj i Slovačkoj. Istraživanje je provedeno anketiranjem upitnikom koji je, uz opće informacije o tvrtki, sadržavao 10 pitanja vezanih za percepciju identiteta poduzeća. U Hrvatskoj je anketirano 210 poduzeća za preradu drva i proizvodnju namještaja, a u Slovačkoj 300 njih. U Hrvatskoj su na anketu odgovorile samo 43 tvrtke (20,47 %), od kojih je u razmatranje uzeto njih 35 (16,67 %). U Slovačkoj je 80*

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poduzeća (26,60 %) odgovorilo na upitnik, a od tog je broja analizirano 59 (19,67 %) upitnika. Dobiveni su podaci statistički analizirani primjenom  $\chi^2$ -testa. Osnovna hipoteza bila je da ne postoji značajna razlika u percepciji identiteta poduzeća između hrvatskih i slovačkih tvrtki za preradu drva i proizvodnju namještaja. Rezultati pokazuju da se identitet poduzeća u hrvatskim i slovačkim tvrtkama za preradu drva i proizvodnju namještaja uglavnom definira i izjednačuje s vizualnom prezentacijom tvrtke, njezinim imidžem i prepoznatljivošću na tržištu. Istodobno, najveći broj anketiranih misli da identitet poduzeća tvore dizajn tvrtke, komunikacija tvrtke s okruženjem i njezina filozofija. Jedina bitna razlika u odgovorima hrvatskih i slovačkih ispitanika ustanovljena je za pitanje 4. (Kako biste svojim riječima definirali pojam "identitet poduzeća"?).

**Ključne riječi:** identitet poduzeća, prerada drva i proizvodnja namještaja, percepcija identiteta poduzeća

## 1 INTRODUCTION

### 1. UVOD

The Slovak Republic is located in Central Europe with a total area of 49 thousand km<sup>2</sup> and a population of 5.4 mil. people. Wood represents a significant renewable raw material for the relatively well-developed forest products industries, which are represented by a large scale of wood processing companies to small firms. The share of forest industries in the creation of Slovak GDP was about 3 % in 2006. Forests cover is about 42 % of the territory (2 mil. ha). A good wood quality of total growing stock is more than 439 million m<sup>3</sup>. The average growing stock per hectare is more than 220 m<sup>3</sup>, which highly overtops the European average. Domestic wood consumption is more than 2 mil. m<sup>3</sup> annually. A reduction in timber export and increase in domestic industrial processing and timber use has been recorded in global results of wood-processing industry; in 2005 the revenues were about 2 billion Euros, and the industry employed 30 thousand employees (Paluš and Parobek, 2008; Parobek and Paluš, 2008).

The Republic of Croatia is located in South East Europe with a total area of more than 56 thousand km<sup>2</sup> and with the population of 4.5 mil. people. Similarly as in Slovakia, in Croatia wood represents a significant raw material. The share of wood processing and furniture manufacturing in Croatian GDP was about 3 % in 2007. Forests cover is about 48 % of the territory (2.6 mil. ha). Total growing stock is more than 398 million m<sup>3</sup>. The average growing stock per hectare is about 180 m<sup>3</sup>. Domestic wood consumption in Croatia is more than 3.4 mil. m<sup>3</sup> annually and in 2007 the revenues were more than 1 billion Euros with over 25 thousand employees (Jelačić *et al*, 2007).

Corporate identity is an area used by management in decision making on market approach strategy. It is a non-conflict strategy of comparison with competition, comparison of certain corporate characteristics and their two-way communication toward corporate environment. It is a strategy upon which a corporation builds its market image and reputation. Future competitive position and supremacy in the market is built on that strategy (Mat'ová, 2004; Mat'ová, 2005).

Corporate identity gives to the enterprise some characteristics that are sometimes hard to evaluate because they are of qualitative nature, and however they are based on real grounds and with them an enterprise can be identified from competition in the market and get unique and recognizable character. Corporate iden-

tity can be observed from 3 points of view (Mat'ová, 2008).

Design aspect identifies the enterprise with its logo, visual identity, corporate architecture and name. Enterprise design, along with graphic presentation, makes the enterprise different from competitors in the market and gives customers and buyers the possibility to recognize the enterprise quickly and simply.

Graphic design experts and marketing communication experts build a complex communication system that has to be consistent and long-lasting, and thus they also build corporate communication. Corporate communication is a method of two-way communication with environment, i.e. outward communication with partners and competitors and inward communication with enterprise employees.

Corporate identity from the third point of view is an interdisciplinary term, which includes a complex combination of communication activities, corporate behavior and outward and inward visualization (van Riel and Balmer, 1997; van Riel, 1995).

There are many definitions of corporate identity. One of them says that corporate identity is strategically planned corporate display based on its philosophy, its vision and its long-term goals, which has to be confirmed by its outward and inward communication (Horaková *et al*, 2000). The other corporate identity definition says that it is an idea, a soul and a voice of the enterprise (Balmer and Soenen, 1998; Balmer, 2001). The third definition presents corporate identity as symbols used by the enterprise to be self-identified among people (Baker and Balmer, 1994), while Bedrnová and Nový (2002) claim that corporate identity is a strategic concept of inner structure and outward presentation of a particular enterprise in the market.

Corporate identity can be monolithic, which means that the enterprise uses its identity in all activities. It can sell all the products of the enterprise under the same name and logo. The advantage of this kind of identity is that success of one product or one field of activities can make people apply the same success to other products, and the enterprise uses the same communication toward all partners. Trade mark identity (unique identity) is quite the opposite of monolithic identity, which means that each field of activities has its own identity and that consequently it is separated from others in the same enterprise. Each product or field of activities is responsible for its own success, and its failure will not influence other products or fields of activities. The third system is the identity diversifica-

tion, which is a combination of monolithic and unique identity. Although they are under the same corporate logo and graphic design, each activity has its own approach and its own communication with the environment (Olins, 1989).

The main goal of this research was to establish whether there was a systematic approach to building a recognizable identity, whether enterprises considered corporate identity as one of the strategic activities toward better position in the market, what was the definition of corporate identity among enterprises and what it consisted of and whether there was a significant difference between Croatian and Slovakian wood processing and furniture manufacturing enterprises. Croatia and Slovakia were chosen because of the similarity of their wood processing and furniture manufacturing market environment and conditions. One of the main hypothesis was that there was no significant difference between the perception of corporate identity in Croatian and Slovakian wood processing and furniture manufacturing firms.

## 2 RESEARCH METHOD

### 2. METODA ISTRAŽIVANJA

In order to achieve the above goals of research, the survey method was chosen. The questionnaire contained questions about general enterprise information, corporate identity definition and its understanding, corporate identity management, corporate identity target audience, corporate identity components and main benefits of corporate identity in wood processing and furniture manufacturing enterprises in Croatia and Slovakia (Bičanić *et al.*, 2009). Some questions were like the questions from Podnar's study (2005). In Croatia 210 enterprises were surveyed, of which 43 (20.47 %) answered, and 35 (16.67 %) were taken into consideration because wood processing and furniture manufacturing was not the main field of activities in the rest of them. In Slovakia 300 enterprises were surveyed, of which 80 (26.60 %) answered to the questions, and 59 (19.67 %) were taken into consideration. Questionnaire contained close-ended and open-ended questions. Some questions were multiple-choice.

After survey, the gathered data were analyzed statistically in Excel and Statistica programs, and significant difference between Croatian and Slovakian enterprises was established for particular questions by using  $\chi^2$ -test. The equation for  $\chi^2$  values was:

$$\chi^2 = \sum_{i=1}^R \sum_{j=1}^C \frac{(n_{ij} - E_{ij})^2}{E_{ij}}$$

where:

$R$  – number of rows

$C$  – number of columns

$n_{ij}$  – values in  $i$ -th row and in  $j$ -th column

$E_{ij}$  – expected values in  $i$ -th row and in  $j$ -th column.

The expected value  $E_{ij}$  was established by:

$$E_{ij} = \frac{n_i n_j}{n}, \text{ where:}$$

$n_i$  – sum of values in  $i$ -th row

$n_j$  – sum of values in  $j$ -th column.

Hypothesis  $H_0$  was that there was no significant difference for particular questions between Croatia and Slovakia, and the negative answer to the set hypothesis was established, where the coefficient of statistical dependence was  $p < 0.05$ .

## 3 RESULTS AND DISCUSSION

### 3. REZULTATI I RASPRAVA

According to general information given in the questionnaire by enterprises, 6 (17.14 %) large companies, 8 (22.86 %) medium, 11 (31.43 %) small and 10 (28.57 %) micro firms were taken into consideration in Croatia and 6 (10.17 %) large companies, 13 (22.03 %) medium, 28 (47.46 %) small and 12 (20.34 %) micro firms were taken into consideration in Slovakia. Although the ratio between large companies and medium-small-micro firms in Croatia was 2.87 % - 97.13 %, and in Slovakia (similar to European Union countries) that ratio was 0.02 % - 99.98 %, it is understandable that large companies were not included in the survey in a larger scale because they usually have a person in charge of issues related to corporate identity or for doing surveys.

Answers to question 1 „Does your enterprise have Corporate Identity?“ are very similar in Croatia and Slovakia, as shown in Figure 1.

Answers to question 2 „Does your enterprise have Corporate Identity Manual in print or electronic version?“ showed that the situation is very similar in Croatia and Slovakia, as shown in Figure 2. Just 1 Croatian enterprise stated that they use something else for Corporate Identity Manual.

Figure 3 shows the answers to question 3 “Do you follow the Corporate Identity Manual in your enterprise in full?”. As shown, there is a difference in ratio of enterprises using Corporate Identity Manual in full in Croatia and Slovakia. Statistically, the only significant difference is for the answer “No”, where  $\chi^2=6.4069$  and  $p=0.011$ . However, since a large percentage of respondents answered “Don't know” to that question, it could make a difference to answers “Yes” and “No” if respondents were fully aware of the situation in their enterprises. Also, respondents who gave the answer “No” to question 3 were the respondents who gave answer “No” to question 2, and also some respondents who gave other answers to question 2. In general, however, there is no significant difference between answers to that question in Croatia and Slovakia.

Figure 4 shows the answers to the question requiring the definition of corporate identity. There were some different statements and different answers, and in general, this was the first question where a significant difference was recorded between Croatian and Slovakian respondents. Therefore, we used the  $\chi^2$  test to establish that difference.

We set the hypothesis  $H_0$ : “There is no significant difference between Croatian and Slovakian answers to the given question”. When we tested the given hypo-

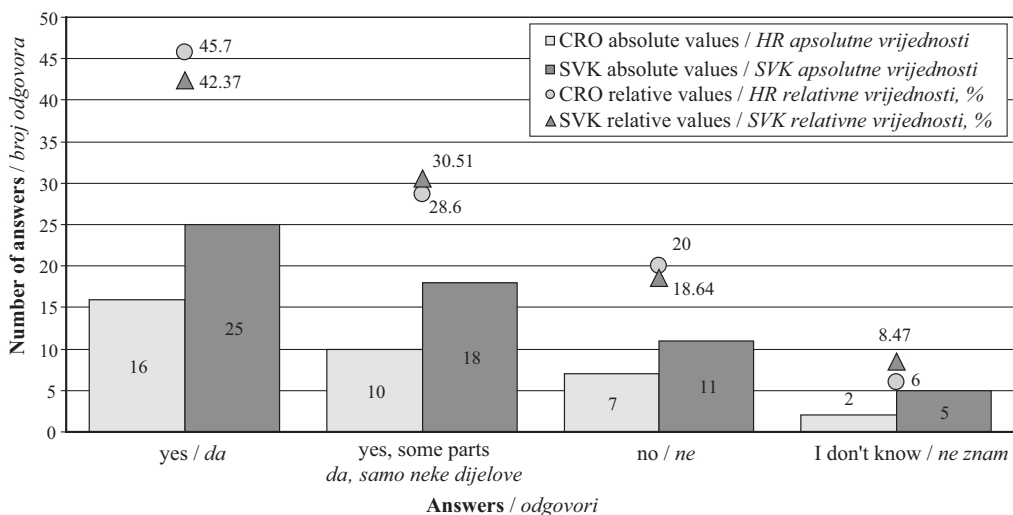


Figure 1 Answers to question 1 „Does your enterprise have Corporate Identity?”

Slika 1. Odgovori na pitanje 1. *Ima li vaše poduzeće svoj identitet?*

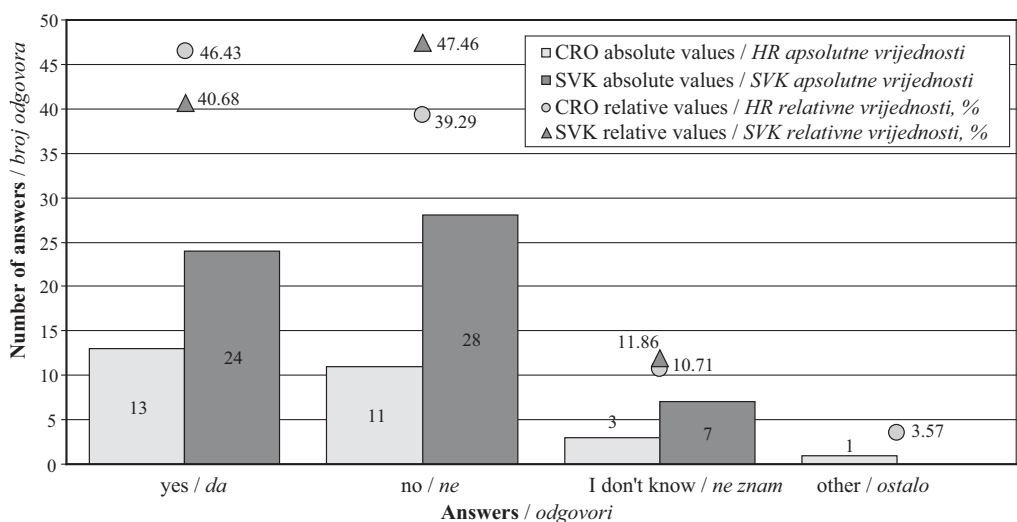


Figure 2 Answers to question 2 “Does your enterprise have Corporate Identity Manual in print or electronic version?”

Slika 2. Odgovori na pitanje 2. *Ima li vaše poduzeće manual identiteta poduzeća u tiskanoj ili elektroničkoj verziji?*

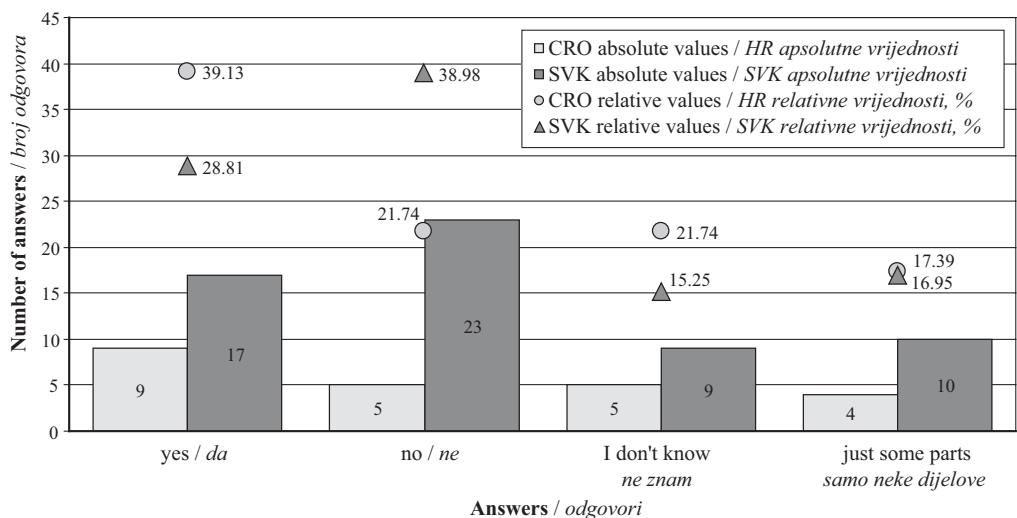


Figure 3 Answers to question 3 “Do you follow the Corporate Identity Manual in your enterprise in full?” (for those who did not answer “no” to question 2)

Slika 3. Odgovori na pitanje 3. *Ponašate li se prema manualu identiteta poduzeća u potpunosti?* (oni ispitanici koji na pitanje 2. nisu odgovorili sa ne)

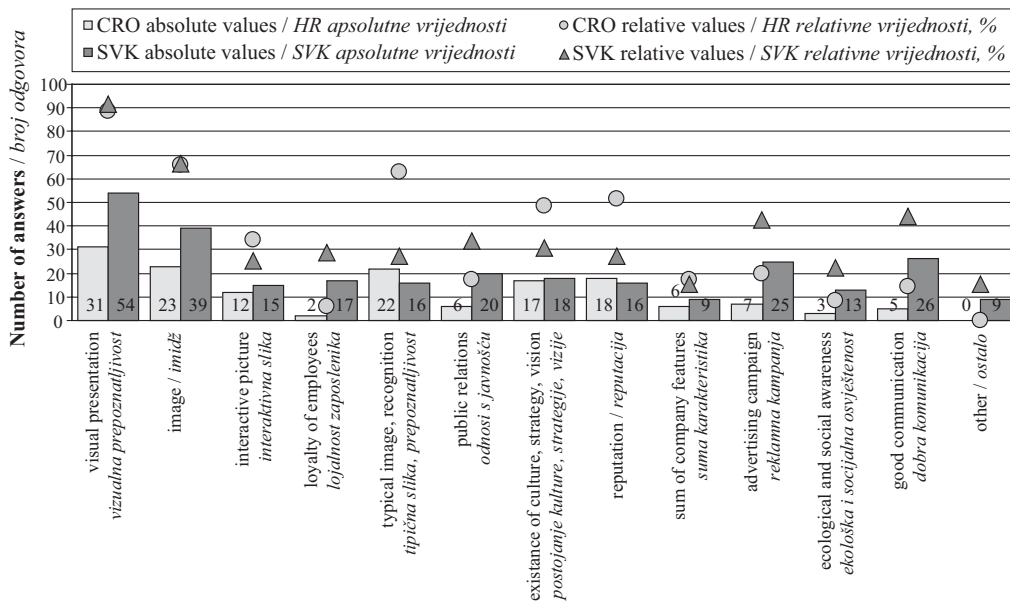


Figure 4 Answers to question 4 „How would you define „Corporate Identity” in your own words”  
Slika 4. Odgovori na pitanje 4. Kako biste svojim riječima definirali pojam identitet poduzeća?

thesis using the significance level of 5 % ( $p=0.05$ ), we established that

$$\chi^2 = 32.83, p = 0.00056$$

which makes a significant difference between answers of Croatian and Slovakian respondents to question 4 in general. The same procedure was made for all questions and answers.

At the same time, respondents explained why they chose a given answer related to the definition of Corporate Identity. Among 12 given answers to question 4 there were 5 answers that made a significant difference between respondents in Croatia and Slovakia. They were “loyalty of employees” ( $\chi^2=7.27, p=0.007$ ), “typical image” ( $\chi^2=11.65, p=0.001$ ), “company reputation” ( $\chi^2=5.62, p=0.018$ ), “promotional campaign” ( $\chi^2=4.90, p=0.027$ ) and “good communication” ( $\chi^2=8.82, p=0.003$ ).

There was no significant difference between Croatian and Slovakian respondents in answers to que-

stion 5. The only small difference of opinion among 19 given answers to this question was recorded for the answer “co-operation with management” ( $\chi^2=8.06, p=0.0045$ ).

In the first part of question 6, “Do you think Corporate Identity is manageable?”, 100 % of Croatian and 91.53 % of Slovakian respondents answered “yes”. When it comes to question “Who should do it?”, the only small difference was as to whether it should be done by employees ( $\chi^2=4.85, p=0.028$ ). In all other answers and in general there was no significant difference between Croatian and Slovakian respondents.

“What are the main benefits of Corporate Identity for the company?” was the question 7. 13 answers were given and there was a significant difference between Croatian and Slovakian respondents for 3 answers: “support to public relations” ( $\chi^2=8.98, p=0.003$ ), “creation of image and reputation” ( $\chi^2=4.91, p=0.027$ ) and “recognition in the market” ( $\chi^2=9.86, p=0.002$ ). For

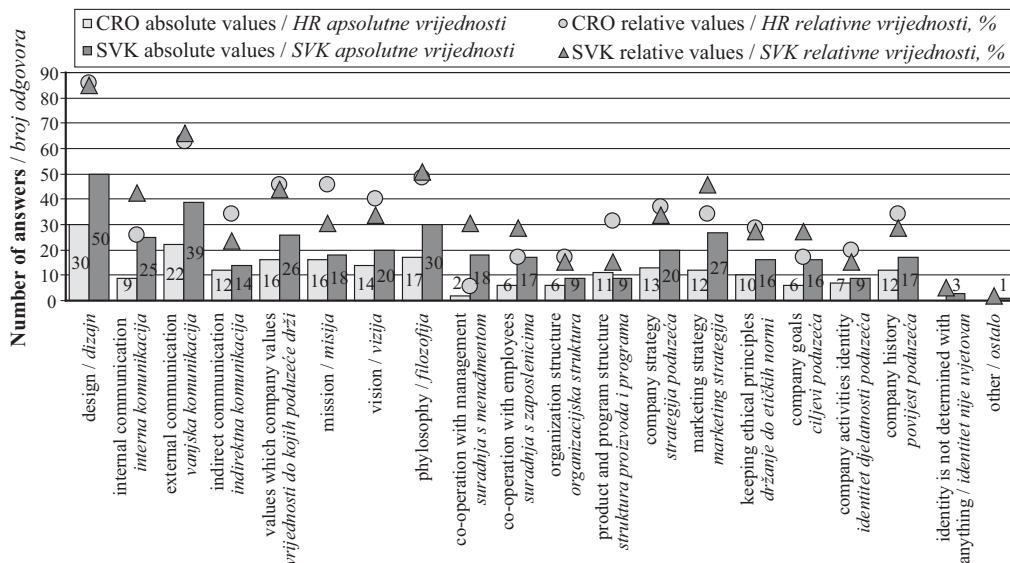


Figure 5 Answers to question 5 “What do you think makes corporate identity”  
Slika 5. Odgovori na pitanje 5. Što prema vašemu mišljenju tvori identitet poduzeća?

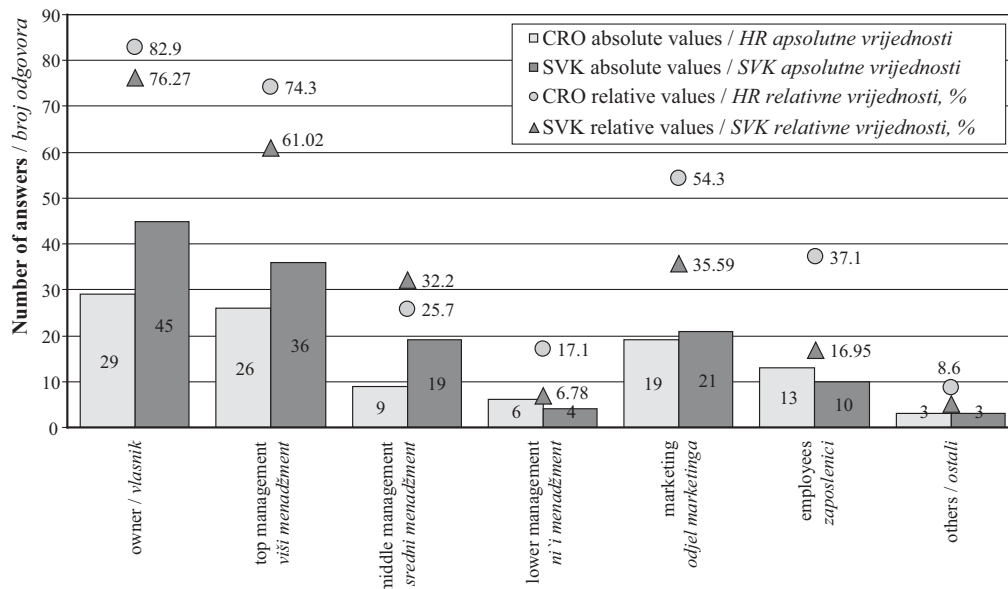


Figure 6 Answers to question 6 “Who should manage corporate identity” (for those who answered “yes” to the first part of question 6)

Slika 6. Odgovori na pitanje 6. Tko bi trebao upravljati identitetom poduzeća? (za one koji su na prvi dio 6. pitanja odgovorili sa da)

question 7 in general, there was no significant difference in answers between Croatian and Slovakian respondents.

Question 8 was “To whom is Corporate Identity directed in particular?” and most of respondents said “customers” (100 % in Croatia, 83.50 % in Slovakia) and after that “broad public” (51.54 % in Croatia, 64.41 % in Slovakia). In general, there was no significant difference between answers to this question in Croatia and in Slovakia. Results are shown in Figure 8.

Question 9 was “Do you consider Corporate Identity to be a long term strategic concept” and 97.14 % of Croatian and 81.36 % of Slovakian respondents gave a positive answer.

There were many different companies that respondents in Croatia and Slovakia considered as companies with strong and well profiled corporate identity (question 10). Most of them were well known international companies (Ikea, Natuzzi, Egger, Scavolini, Calligaris, etc.), but there were some domestic companies, both Croatian and Slovakian, known throughout Europe that found their place on that list.

Figure 9 shows a combined graph for  $\chi^2$ -test for answers 4 to 8 in general. As mentioned before, the only significant difference between answers of Croatian and Slovakian respondents in general was established for question 4 (How would you define „Corporate Identity” in your own words). For all other questions

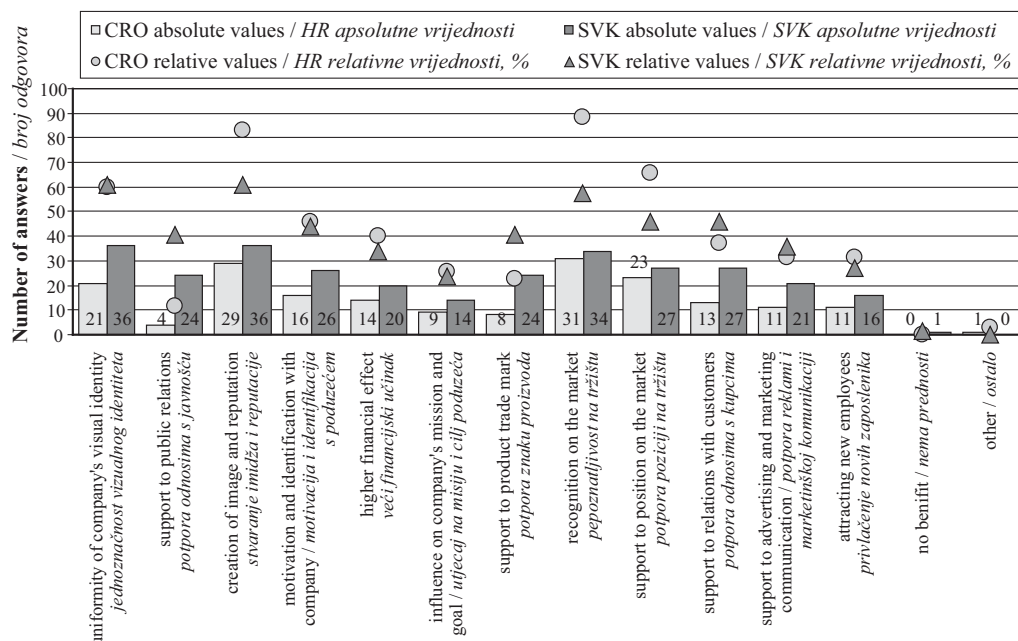


Figure 7 Answers to question 7 “What are the main benefits of Corporate Identity?”

Slika 7. Odgovori na pitanje 7. Koje su glavne koristi identiteta poduzeća?

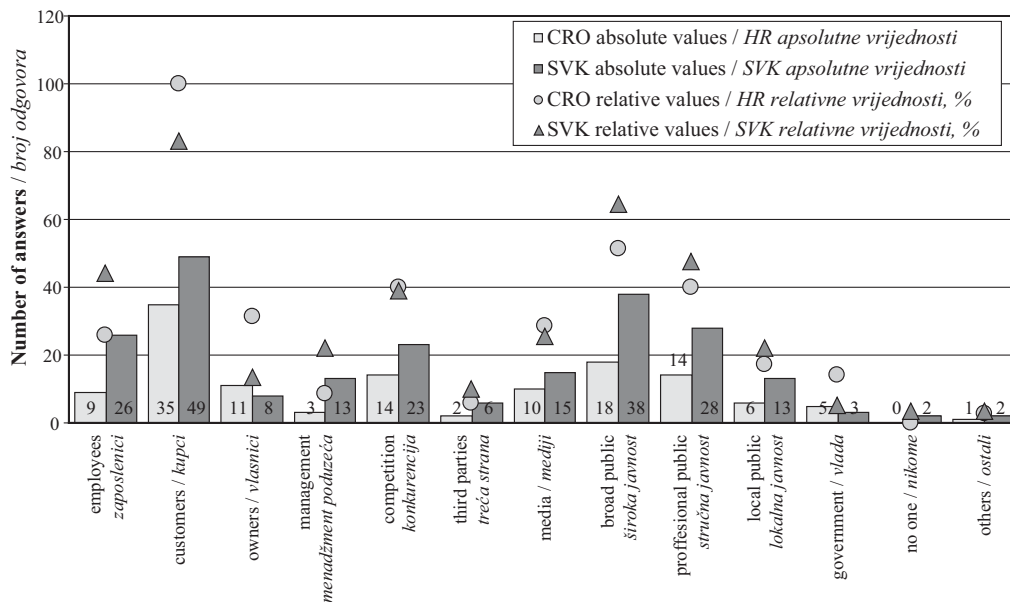


Figure 8 Answers to question 8 “To whom is Corporate Identity directed to in particular”  
Slika 8. Odgovori na pitanje 8. Prema kome je usmjeren identitet poduzeća?

there was no significant difference between answers of Croatian and Slovakian respondents. Also, in question 4 there were 5 answers for which a significant difference was established. These differences made the significant difference in general for question 4.

#### 4 CONCLUSION 4. ZAKLJUČAK

Corporate identity is an instrument that is usually used in international market. Growing competition and more serious battles for each buyer or service customer

bring business management to a higher level and make companies earn more and on many more levels with their identity.

The problem is that wood processing and furniture manufacturing companies in Croatia and Slovakia, as well as companies in other industrial branches, have a wrong idea of corporate identity and focus exclusively on visualization and marketing communication, as can be clearly seen from the results of this research. If companies do not understand corporate identity as a multi-component concept they will not be able to deal with competition in international market in the future.

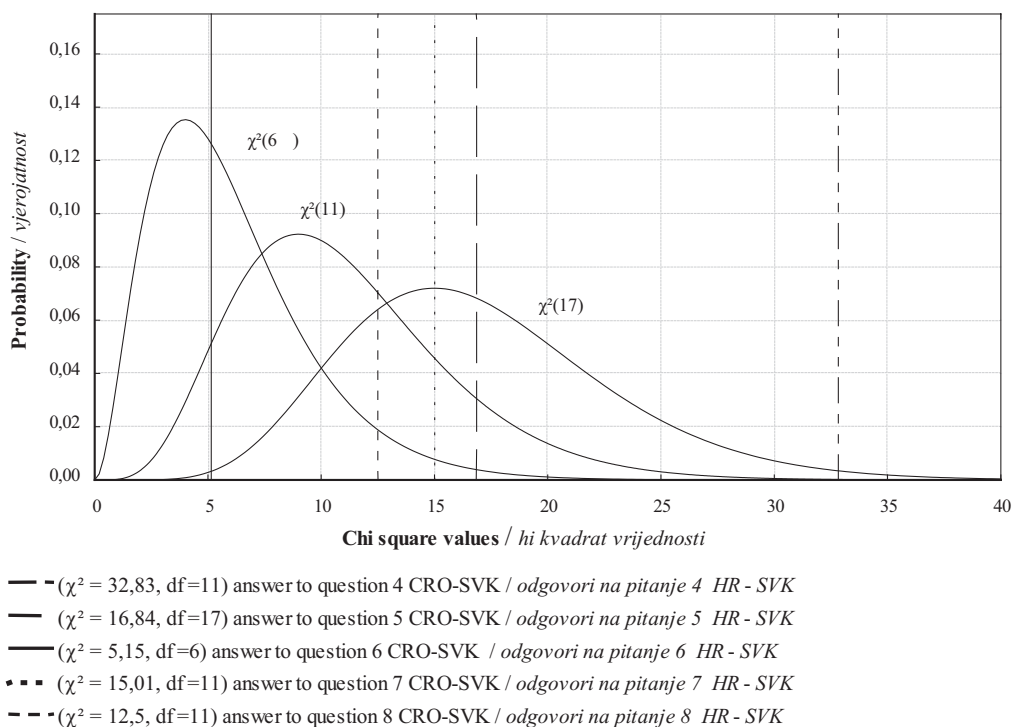


Figure 9 Combined  $\chi^2$ -test results for answers 4 to 8 in general  
Slika 9. Ukupni kombinirani rezultati  $\chi^2$ -testa za odgovore od 4. do 8.

The results showed that corporate identity in Croatian and Slovakian wood processing and furniture manufacturing companies was mostly defined and identified with visual presentation of the company, image and reputation and differentiation in the market. At the same time, most of respondents thought that corporate identity was mostly made of the company design, outward communication and company's philosophy.

Building corporate identity is a long-term process, in which certain rules must be observed and primarily to make high quality decisions on time and to involve the whole management into the process. The actual results could only be seen after 3 to 5 years, and some of the benefits could not be evaluated in quantities because they are mainly emotional.

Buyers and service customers pay more and more attention to traditional behavior of the company and they make their decisions based on their sympathies. Trust, experience, good reputation and competence are the characteristics that a company has to earn, and corporate identity presents them inwards and outwards.

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